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education

**MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA**

GERT SIBANDE DISTRICT

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING

MARCH CONTROL TEST 2025

MEMO

MARKS: 100

This marking guidelines consist of 9 pages



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MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item. No double penalty applied.
2. Full marks for correct answer. If answer incorrect, mark the workings provided.
3. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer).
4. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
5. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
6. Where penalties are applied, the marks for that section of the question cannot be a final negative.
7. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
8. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
9. Codes: f=foreign item; p=placement/presentation.
10. Teachers must do the paper before they start marking.



QUESTION 1

1.1 BREYTEN LTD

Retained Income Note	
Balance (1 155 000✓ + 192 000✓ see repurchase below)	1 347 000✓
Net Profit After Tax (658 000 × $\frac{72}{28}$)	1 692 000✓
Repurchase of shares (160 000 × 1.20)	(192 000) ✓✓
Dividends	(1 613 000) ✓
Interim/ Paid (1 500 000✓ × $\frac{45}{100}$)	675 000✓*
Final/ Declared (1 340 000 × $\frac{70}{100}$)	938 000✓✓*
Balance at end of financial year	1 234 000 ✓ check operations above
	12



1.2 BREYTEN LTD

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025

ASSETS	
NON-CURRENT ASSETS (13 424 100 - 5 345 200) (TA-CA)	8 078 900 ✓
Fixed Assets (Balancing Figure)	7 215 900✓
Financial Assets: (750 000✓ - 150 000✓) $[90\,000 \times \frac{100}{12}]$	600 000✓
CURRENT ASSETS	5 345 200 ✓
Inventory (1 500 000 + 380 800)	1 880 800✓
Trade and Other Receivables (1 020 000✓ + 20 500✓ - 9 000✓ + 22 000✓ + 159 900✓ directors fees)	1 213 400✓
Cash and Cash Equivalent (2 101 000✓ + 150 000✓ see FD: sign)	2 251 000✓
TOTAL ASSETS	13 424 100 ✓ must be same TE&L
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	9 810 000 ✓
Ordinary Share Capital (9 600 000✓ - 1 024 000✓) $[160\,000 \times R6.40]$	8 576 000✓ Do not accept 9 600 000
Retained Income	1 234 000✓ see R.I. @ End
NON-CURRENT LIABILITIES	1 500 000
Loan (1750 000 - 250 000) 360 000✓ $[30\,000 \times 12]$ - 110 000✓ $[1\,750\,000 + 360\,000 - 2\,000\,000]$ 250 000✓	1 500 000✓
CURRENT LIABILITIES	2 114 100 ✓ operation
Trade and other payables (750 000✓ + 22 000✓ transfer + 53 300✓ directors fee + 13 000✓ rent)	838 300✓
Short Term Loan	250 000✓
SARS Income Tax (738 000 $[658\,000 + 80\,000]$ - 650 200) sign maybe reversed	87 800✓✓ One part correct
Shareholders for Dividends	938 000✓
TOTAL EQUITY AND LIABILITIES	13 424 100 ✓ Must be s/e+ ncl+ cl: Check operations

38

TOTAL MARKS

50

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QUESTION 2

2.1

CASH EFFECTS FROM OPERATING ACTIVITIES	757 680 <input checked="" type="checkbox"/> *
Cash generated from operations	1 493 560
Interest paid	(246 000)
Dividends paid (100 000 ✓ + 140 000 ✓)	One part correct (240 000) <input checked="" type="checkbox"/> *
Taxation paid (253 500 ✓ + 6 780 ✓ – 10 400 ✓) OR (–253 500 – 6 780 + 10 400)	One part correct (249 880) <input checked="" type="checkbox"/> *

8

* one part correct / correct use of brackets

2.2 Calculate the following amounts for the Cash Flow Statement:

2.2.1

Purchase of a fixed asset	Answer								
Workings									
<p>OR:</p> <p>9 768 900 ✓ – 7 886 780 ✓ + 195 200 ✓ – 440 560 ✓</p> <p>OR:</p> <p>–9 768 900 + 7 886 780 – 195 200 + 440 560</p>	<p>OR:</p> <table border="1"> <tr> <th colspan="2">Accept brackets here</th></tr> <tr> <td>7 886 780</td><td>195 200</td></tr> <tr> <td>2 517 880</td><td>440 560</td></tr> <tr> <td></td><td>9 768 900</td></tr> </table> <p>(2 517 880) <input checked="" type="checkbox"/> one part correct ignore sign</p>	Accept brackets here		7 886 780	195 200	2 517 880	440 560		9 768 900
Accept brackets here									
7 886 780	195 200								
2 517 880	440 560								
	9 768 900								

5

2.2.2

Proceeds from shares issued	Answer
Workings	
<p>[100 000 × R5.90]</p> <p>5 900 000 ✓ + 590 000 ✓ <input checked="" type="checkbox"/> One part correct – 4 845 000 ✓ signs maybe reversed</p> <p>Or –5 900 000 – 590 000 + 4 845 000 Accept Ledger or Note</p>	<p>1 645 000 <input checked="" type="checkbox"/> one part correct ignore sign</p>

5

2.2.3

Repayment of loan	Answer
Workings	
1 500 000 – 2 600 000	<p>(1100 000) ✓ ✓ Must be negative or bracketed</p>

2

2.2.4

NET CHANGE ON CASH AND CASH EQUIVALENT	(540 000) <input checked="" type="checkbox"/>
Balance on 1 March 2024	490 000 ✓
Balance on 28 February 2025 (5 000 – 55 000)	(50 000) ✓ ✓

4



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2.3 Calculate the following financial indicators on 28 February 2025:

2.3.1

% Net profit after tax on sales.	
Workings	Answer
$\begin{array}{r} 845\,000 - 253\,500 \\ \hline 591\,500 \checkmark\checkmark \\ 4\,050\,000 \checkmark \end{array} \quad \times 100^*$	14,6% <input checked="" type="checkbox"/> One part correct % sign not necessary accept 15% OR 15

4

Debt equity ratio	
Workings	Answer
$1\,400\,000 : 5\,260\,500$	0.27: 1 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Accept 0.3: 1 Must be x:1

2

TOTAL MARKS

30



QUESTION 3**3.1.1**

Khoza has been concerned about the company's working capital over the years. He proposed a new approach to directors by converting assets into cash quickly. Quote TWO financial indicators and explain why his concern is justify.

Financial indicator and trend with figures ✓ ✓ Explanation w ✓ ✓

- Acid test ratio decreased from (0, 9: 1) to 0, 4: 1/by 0, 5:1. Acid test of 0.4:1 might indicate poor management of working capital or cash flow / difficult to meet short term debts
- Stock turnover rate dropped from (8 times) to 3, 2 times/by 4, 8 times. Stock turnover rate of 3,2 times could indicate higher stock levels / lower demand for product

4

3.1.2

A shareholder has proposed that Khoza, the CEO, to acquires a loan from his wife, who is a bank consultant. Khoza did not agree to this proposal. Explain why you agree with him. Provide TWO points.

Financial indicators ✓ ✓ trend and figures ✓ ✓

Explanation ✓ ✓ (mention risk/ gearing/compare with interest rate)

Debt equity ratio	ROTCE
increased from (0,4: 1) to 0,8: 1 / by 0,4:1	decreased from 20% to 13% / by 7% bases point
<u>Increased financial risk (high) as compared to previous year.</u>	Negative gearing / lower than the interest rate on the loan of 14%/ loan is not used effectively to generate income

6

TOTAL MARKS**10**

4.1 Audit reports

Which type of audit report will discourage shareholders to buy shares in a company and briefly explain that audit report.

Disclaimer of opinion ✓ Independent auditors are unable to express any opinion because of insufficient audit evidence ✓
Any relevant explanation of disclaimer of opinion

2

Provide ONE reasons why shareholders will not be interested to buy shares in such a company.

Any valid reason ✓ ✓

- Auditors may not offer an opinion of the reliability of the financial statements is a clear indication of ineffective management / recording and reporting procedures and/or internal control processes.
- Poor corporate governance. Directors are not trustworthy or competent / Good ethics are not maintained over company finances.
- It gives a bad image (reputation) to the company which will have long term negative consequences such as low demand for shares, drop in share price, low customer turnover.
- Possibilities of corruption, mismanagement, investors do not want to lose their money.

2

4.2 Explain why a company's financial statements must be audited by independent auditors. Provide ONE point.

Any valid point ✓ ✓

An explanation must refer to or imply independent (external) auditors, to earn full marks
part marks for partial / incomplete / unclear responses

- Requirement of the Companies Act / Companies must comply with regulations and reporting requirements as stipulated in the Act / by law.
- Protect the interest of shareholders (who are separate from management) To protect shareholders from possible fraud and improprieties.
- Their report is an unbiased opinion – true reflection of the financial position of a company; they do not have a vested interest in the company.
- Gives a company credibility as it allows the potential investors to trust the accuracy / reliability of the results.
- Company managers can use the results of the audit to continually improve internal processes.

2



4.3 Concern over the kind of relationship between a director and independent auditor.

As a shareholder, why would you be concerned by this kind of relationship? Explain TWO points (one for each person involved).	
Any TWO valid, but different points ✓✓ ✓✓ part marks for partial / incomplete / unclear responses Note that some points may over-lap across the different role-players. Ensure to award TWO different points.	
Director	<ul style="list-style-type: none"> Is appointed by the shareholders to run the company in a professional manner, being open and objective. Socialising with key stakeholders may create a bad impression of improper conduct, collusion or under-handed dealings. Money laundering, nepotism and fraud is possible. May compromise good ethical governance such as transparency, responsibility and accountability. It will be difficult to explain that social life is kept separate from business.
Independent auditor	<ul style="list-style-type: none"> Independence, unbiased reporting may be a concern / may not abide by the Companies Act, or know of loopholes to manipulate provisions. Is this person not compromising the reputation of the audit firm, the professional body or his code of professional conduct? Public image of independent auditors may be affected, which could have negative consequences for the company.

4

TOTAL MARKS

10

TOTAL: 100

